

CAS LEGISLATION
UPDATE

AND

CHANGES IN COST
ACCOUNTING
PRACTICES

CAS LEGISLATION UPDATE

- Proposed thresholds--
 - Individual contract--\$500,000
(current)
 - Trigger contract application at
\$7.5 M
 - Full coverage at \$50 M

CAS LEGISLATION UPDATE

- Exemptions to CAS--
 - firm fixed-price contracts awarded on the basis of adequate price competition without submission of certified cost or pricing data.
 - contracts less than \$7.5M if, at time of award, the segment performing the work has not been awarded a CAS-covered contract of \$7.5M or more.

CAS LEGISLATION UPDATE

- Head of executive agency may waive CAS for a contract less than \$15M if determines in writing that segment that will perform work is primarily engaged in sale of commercial items and would not otherwise be subject to CAS.

CAS LEGISLATION UPDATE

- Head of executive agency may also waive CAS for a contract under exceptional circumstances when necessary to meet needs of agency.
- Authority may not be delegated to any official below senior policymaking level.

CAS LEGISLATION UPDATE

- FAR shall include--
 - Criteria for selecting official to be delegated waiver authority.
 - Specific circumstances under which waiver may be granted.
- Waivers granted shall be reported to the Board annually.

CHANGES IN COST ACCOUNTING PRACTICES

SNPRM-II
August 20, 1999

History of Proposed Rule

- April 9, 1993--SDP
- April 25, 1995--ANPRM
- September 18, 1996--NPRM
- July 14, 1997--SNPRM
- August 20, 1999--SNPRM-II

CASB's Stated Objectives

- Use SNPRM-II as basis for:
 - Holding open public meeting
 - Conducting a benchmarking survey
 - Soliciting public comments

Definition of Cost Accounting Practice Change

- “...any alteration in a cost accounting practice...including...:
 - Pool combinations.
 - Pool split-outs.
 - Functional transfers.”

CFAO Responsibilities

- Make required determinations--
 - cost impact materiality determinations
- Coordinate with affected agencies on potential modifications prior to negotiations
- Negotiate cost impacts
- Inform affected agencies of negotiation results

Awarding Agency Responsibilities

- Coordinate with and support CFAO
- Prepare and/or obtain contract modifications to support negotiations, as requested by CFAO
- Make every effort to provide funds required for increased contract price modifications

OFFSETS

- The offset process “shall only be applied to contracts that are of the same contract type”
 - FFP
 - T&M
 - Incentive (FPI/CPIF)
 - Other cost-reimbursement contracts

WHAT NOW?

- CASB Open Public Meeting
- CASB Benchmarking Survey
- CAS Committee review of proposed rule
 - DCMC Survey
- OSD Response to CAS Board by October 19
- Final Rule